



# Department of Justice

FOR IMMEDIATE RELEASE  
TUESDAY, AUGUST 26, 2008  
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## **FORMER NEW YORK POWER AUTHORITY EMPLOYEE PLEADS GUILTY TO FRAUD AND TAX CHARGES**

WASHINGTON — A former employee of the New York Power Authority (NYPA) pleaded guilty today to charges that he accepted approximately \$167,000 in kickbacks and bribes from a vendor while he was at the purchasing department at the NYPA, the Department of Justice announced.

Edward P. Goldblatt of Melville, N.Y., a former purchasing warehouse assistant at the NYPA, pleaded guilty today in the U.S. District Court in Brooklyn to conspiring to defraud the NYPA in a bribery scheme where he accepted kickback payments from a vendor. According to the information, Goldblatt also caused NYPA to pay fraudulent overcharges, which he then shared with that vendor.

The bribery scheme took place from approximately early 2003 through August 2007 at the Charles A. Poletti Power Project facility in Long Island City, N.Y. Goldblatt also pleaded guilty to income tax evasion for failing to report any of the kickbacks as income that he received for the years 2005 through 2007. Goldblatt was arrested in connection with this investigation by Special Agents of the FBI and the Internal Revenue Service (IRS) Criminal Investigation on April 2, 2008.

“American businesses and consumers deserve the benefit of competitive pricing,” said Thomas O. Barnett, Assistant Attorney General in charge of the Department’s Antitrust Division. “The Department of Justice will not hesitate to prosecute those who defraud their employers for personal gain by ignoring competition standards.”

NYPA is a nonprofit energy corporation established by New York State for the public benefit of the citizens of New York by providing low-cost power to government agencies, municipalities and private entities. NYPA finances its projects through bond sales to private investors and does not use tax revenue or state credit. NYPA is headquartered in Albany, N.Y., with power plants and offices located throughout New York.

Goldblatt was responsible for purchasing and awarding contracts for millions of dollars in goods and services annually for NYPA’s plants and offices. In addition, Goldblatt was responsible for issuing purchase orders, reviewing and authorizing vendor invoices for payment, and monitoring warehouse stock levels. NYPA’s policies and procedures include a competitive bidding policy to which Goldblatt was expected to adhere.

According to the information, Goldblatt received approximately \$167,000 in kickback payments from an individual associated with a NYPA vendor, in exchange for steering contracts to that vendor, typically in a manner designed to circumvent NYPA's competitive bidding policy. These payments were in the form of cash, gift certificates for restaurants, entertainment and travel tickets, electronics, payments on his luxury car leases and credit cards, hair salon treatments, supermarket certificates, cigars and other items. The kickbacks were paid to ensure that Goldblatt would allocate a portion of NYPA's total purchases to that vendor and that he would not seek alternative vendors for such contracts. By paying the kickbacks, the vendor was able to charge non-competitive prices because it did not face competition from other vendors.

Additionally, Goldblatt and the vendor conspired to fraudulently overcharge NYPA by approximately \$86,000. Half of the overcharges was included in Goldblatt's \$167,000 in kickback payments and half of the overcharges was retained by the vendor. The charges also state that Goldblatt failed to report his receipt of any of the kickbacks on his income tax returns.

The conspiracy charge carries a maximum penalty of 20 years in prison, five years of supervised release and a \$250,000 fine. The count of income tax evasion carries a maximum penalty of five years in prison, three years of supervised release and a \$250,000 fine, together with the costs of prosecution. The maximum fine on each count may be increased to twice the gain derived from the crime or twice the loss suffered by the victim of the crime, if either of those amounts is greater than the statutory maximum fine. In addition, the defendant shall be ordered to pay restitution to NYPA for the full amount of NYPA's loss. Also, the defendant may be ordered to pay restitution to the IRS.

These charges arose from an ongoing federal antitrust investigation of bid-rigging, bribery, fraud and tax-related offenses in the power generation industry. The investigation is being conducted by the Antitrust Division's New York Field Office, with the assistance of the FBI and the IRS Criminal Investigation. The New York Power Authority cooperated with the Department's investigation.

Anyone with information concerning bid rigging, bribery, tax offenses or fraud in the power generation industry should contact the Antitrust Division's New York Field Office at 212-264-9308 or the New York Division of the FBI at 212-384-3252.

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